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**Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana**

Financial Statements With Auditors' Report

**As of and for the Years Ended December 31, 2004 and 2003
With Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-13-05

Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana

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Independent Auditors' Report

To the Board of Directors
Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana

We have audited the accompanying statements of financial position of Ouachita Multi-Purpose Community Action Program, Inc. (a nonprofit organization) as of December 31, 2004 and 2003, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Ouachita Multi-Purpose Community Action Program, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ouachita Multi-Purpose Community Action Program, Inc. as of December 31, 2004 and 2003, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2005, on our consideration of Ouachita Multi-Purpose Community Action Program, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Ouachita Multi-Purpose Community Action Program, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying supplemental schedules shown on pages 14-15, are presented for the purpose of additional analysis and are not a required part of the financial statements of Ouachita Multi-Purpose Community Action Program, Inc. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying supplemental schedules, listed as "Supplemental Information Schedules Prepared For Grants and Contracts Analysis" in the table of contents and shown on page 17, is presented for the purpose of providing various funding sources of Ouachita Multi-Purpose Community Action Program, Inc. additional individual grant and contract analysis and are not a required part of the financial statements. The information is prepared on a prescribed basis of the various funding sources of Ouachita Multi-Purpose Community Action Program, Inc., and certain schedules are for periods other than the organization's fiscal year. These schedules are not presented in accordance with generally accepted accounting principles. Accordingly, the schedule mentioned previously and shown on page 17 is not intended to present financial position and results of operations in conformity with generally accepted accounting principles. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and in our opinion, are fairly stated on the basis of accounting practices prescribed by the various funding sources.



Cook and Morehart
Certified Public Accountants
May 5, 2005

Ouachita Multi-Purpose Community Action Program, Inc.
 Monroe, Louisiana
 Statements of Financial Position
 December 31, 2004 and 2003

Assets	<u>2004</u>	<u>2003</u>
Current assets:		
Cash	\$ 456,047	\$ 464,697
Grant receivables	159,461	419,971
Due from other funds	244,854	134,155
Total current assets	<u>860,362</u>	<u>1,018,823</u>
Property and equipment:		
Property and equipment	3,603,059	3,441,669
Accumulated depreciation	(1,877,457)	(1,753,653)
Net property and equipment	<u>1,725,602</u>	<u>1,688,016</u>
Total Assets	<u>\$ 2,585,964</u>	<u>\$ 2,706,839</u>
 Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 81,397	\$ 332,864
Accrued liabilities	104,217	196,848
Due to other funds	244,854	134,155
Current portion of long-term debt	75,667	71,094
Refundable advances	177,485	18,024
Total current liabilities	<u>683,620</u>	<u>752,985</u>
Note payable, less current portion	<u>384,763</u>	<u>524,707</u>
Total Liabilities	<u>1,068,383</u>	<u>1,277,692</u>
Net assets:		
Unrestricted:		
Operating	35,817	37,129
Designated for specific programs	41,802	99,164
Fixed assets	<u>1,439,962</u>	<u>1,292,854</u>
Total net assets	<u>1,517,581</u>	<u>1,429,147</u>
Total Liabilities and Net Assets	<u>\$ 2,585,964</u>	<u>\$ 2,706,839</u>

The accompanying notes are an integral part of the financial statements.

Ouachita Multi-Purpose Community Action Program, Inc.
 Monroe, Louisiana
 Statements of Activities
 For the Years Ended December 31, 2004 and 2003

	Unrestricted	
	2004	2003
Revenues and Other Support:		
Contractual revenue - grants	\$ 5,366,240	\$ 6,008,472
Miscellaneous revenues	304,520	53,146
Total revenues and other support	5,670,760	6,061,618
Expenses:		
Head start program	4,318,333	4,186,241
Child and adult care food program	519,655	415,366
Community services block grant	543,636	560,953
Home energy assistance	41,436	209,643
Project independence	14,980	24,641
Housing counseling	29,257	1,066
OCOg	63,160	8,094
Other general services	51,869	69,326
Total expenses	5,582,326	5,475,330
Changes in net assets	88,434	586,288
Net assets, beginning of year	1,429,147	842,859
Net assets, end of year	\$ 1,517,581	\$ 1,429,147

The accompanying notes are an integral part of the financial statements.

Ouachita Multi-Purpose Community Action Program, Inc.
 Monroe, Louisiana
 Statements of Cash Flows
 For the Years Ended December 31, 2004 and 2003

	2004	2003
Operating Activities		
Change in net assets	\$ 88,434	\$ 586,288
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	123,803	110,225
Loss on disposition of equipment		1,615
(Increase) decrease in operating assets:		
Grant receivables	260,510	(120,383)
Accounts receivable - other		20,182
Increase (decrease) in operating liabilities		
Accounts payable	(251,467)	91,924
Accrued liabilities	(92,630)	115,950
Refundable advances	159,461	7,537
Net cash provided by operating activities	288,111	813,338
Investing Activities		
Payments for property and equipment	(161,390)	(502,855)
Net cash (used in) investing activities	(161,390)	(502,855)
Financing Activities		
Repayments of long-term debt	(135,371)	(4,199)
Net cash (used in) financing activities	(135,371)	(4,199)
Net increase (decrease) in cash	(8,650)	306,284
Cash as of beginning of year	464,697	158,413
Cash as of end of year	\$ 456,047	\$ 464,697
Supplemental disclosures:		
Cash paid for interest in 2004 and 2003 was \$32,378 and \$8,887, respectively.		
Acquisition of property		
Cost of property and equipment	\$ 161,390	\$ 1,102,855
Property and equipment loans		(600,000)
Cash down payment for property and equipment	\$ 161,390	\$ 502,855

The accompanying notes are an integral part of the financial statements.

Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana
Notes to Financial Statements
December 31, 2004 and 2003

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Ouachita Multi-Purpose Community Action Program, Inc. (OMCAP) is a private nonprofit corporation incorporated under the laws of the State of Louisiana. OMCAP is governed by a Board of Directors composed of members from Ouachita Parish. OMCAP operates as a community action agency administering various federal and state funded programs designed to provide assistance to the poor and disadvantaged in Ouachita Parish in Louisiana. The following programs, with their approximate percentage of total revenues indicated, are administered by OMCAP:

Head Start Program (75%) – Provides comprehensive early child development for disadvantaged and handicapped preschool children and their families. Funding is provided by federal funds from the U.S. Department of Health and Human Services.

Child and Adult Care Food Program (8%) – Provides a food service program in coordination with the Head Start Program. Funding is provided by federal funds passed through the Louisiana Department of Education.

Community Services Block Grant (10%) – Administers programs designed to provide services and activities that will have a measurable impact on causes of poverty in the community. Funding is provided by federal funds passed through the Louisiana Department of Labor.

Home Energy Assistance Program (1%) – Assists low income households to offset the burden of high energy costs. Funding is provided by federal funds passed through the Louisiana Housing Finance Agency.

Project Independence Program (1%) – Provides transportation services to eligible participants. Funding is provided by federal funds from the Louisiana Department of Social Services.

Housing Counseling Services (1%)– Includes a full range of services, advice, and assistance to housing consumers to assist them in improving their housing conditions and meeting the responsibilities of homeownership and tenancy. Funding is provided by federal funds from the U.S. Department of Housing and Urban Development.

Ouachita Council of Governments (OCOG) (3%) – Accounts for quarterly reimbursements received from the Ouachita Council of Governments for general agency operations.

(Continued)

Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana
Notes to Financial Statements
December 31, 2004 and 2003
(Continued)

General Services (1%) – Provides payment of necessary agency expenses not specifically attributable to a grant/contract operated by the agency. Funding is provided by various donations.

B. Basis of Accounting

The financial statements of OMCAP have been prepared on the accrual basis of accounting.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

D. Income Taxes

OMCAP is a nonprofit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to OMCAP's tax-exempt purpose is subject to taxation as unrelated business income. OMCAP had no such income for this audit period.

E. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, OMCAP considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

(Continued)

Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana
Notes to Financial Statements
December 31, 2004 and 2003
(Continued)

G. Property and Equipment

Acquisitions of buildings, equipment, and improvements and all expenditures for repairs, maintenance, and betterments that materially prolong the useful lives of assets are capitalized. Capitalized assets are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset.

The Federal Government has a reversionary interest in property purchased with federal funds. Its disposition as well as the ownership of any proceeds therefrom is subject to federal regulations. The use of assets purchased with federal funds is limited to the purposes intended by the funding agency.

H. Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

I. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(Continued)

Ouachita Multi-Purpose Community Action Program, Inc.
 Monroe, Louisiana
 Notes to Financial Statements
 December 31, 2004 and 2003
 (Continued)

(2) Concentrations of Credit Risk

OMCAP maintains its temporary cash investments with financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000 at each bank. At December 31, 2004 and 2003, total cash balances held at financial institutions was \$763,383 and \$768,849, respectively. At December 31, 2004, \$282,516 was insured by FDIC, \$404,949 was secured by the bank with pledged securities, and the remaining \$75,918 was unsecured. At December 31, 2003, \$271,782 was insured by FDIC, \$487,570 was secured by the bank with pledged securities, and the remaining \$9,497 was unsecured.

Concentrations of credit risk with respect to grant receivables were limited due to the balance being comprised of amounts due from governmental agencies under contractual terms. As of December 31, 2004 and 2003, OMCAP had no significant concentrations of credit risk in relation to grant receivables.

(3) Grant Receivables

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from the funding sources at December 31, 2004 and 2003 but not received until after those dates.

(4) Due To and Due From Other Funds

The following schedule represents amounts due to and due from other funds at December 31, 2004 and 2003:

Fund	2004		2003	
	Due From Other Funds	Due To Other Funds	Due From Other Funds	Due To Other Funds
Head Start Program –				
Child and Adult Care Program	\$ 140,981	\$ –	\$ 66,589	\$ 43,207
General – construction loan	83,204	–	–	–
Project Independence	1,686	4,000	1,685	3,000
Community Services Block Grant	–	–	–	4,692
Child and Adult Care Food Program	–	141,486	–	67,092
Low-Income Home Energy Assistance Program	–	10,722	–	10,722
Ouachita Council of Governments	9,295	83,204	8,295	–
General Services	9,688	5,442	57,586	5,442
	<u>\$ 244,854</u>	<u>\$ 244,854</u>	<u>\$ 134,155</u>	<u>\$ 134,155</u>

(Continued)

Ouachita Multi-Purpose Community Action Program, Inc.
 Monroe, Louisiana
 Notes to Financial Statements
 December 31, 2004 and 2003
 (Continued)

(5) Property and Equipment

Property and equipment consisted of the following at December 31, 2004:

	<u>Estimated Depreciable Life</u>	<u>Purchased With Federal Funds</u>	<u>Purchased With Non-Federal Funds</u>	<u>Total</u>
Land		\$ 37,000	\$ 19,500	\$ 56,500
Buildings & improvements	5-30 years	1,925,616	-	1,925,616
Furniture and equipment	3 - 7 years	1,606,468	14,475	1,620,943
Accumulated depreciation		(1,862,982)	(14,475)	(1,877,457)
 Net investment in property and equipment		<u>\$ 1,706,102</u>	<u>\$ 19,500</u>	<u>\$1,725,602</u>

Depreciation expense for the year ended December 31, 2004 was \$123,803.

Property and equipment consisted of the following at December 31, 2003:

	<u>Estimated Depreciable Life</u>	<u>Purchased With Federal Funds</u>	<u>Purchased With Non-Federal Funds</u>	<u>Total</u>
Land		\$ 37,000	\$ 19,500	\$ 56,500
Buildings & improvements	20-30 years	712,934	-	712,934
Construction in process		1,110,653	-	1,110,653
Furniture and equipment	5 - 7 years	1,550,221	11,361	1,561,582
Accumulated depreciation		(1,742,292)	(11,361)	(1,753,653)
 Net investment in property and equipment		<u>\$ 1,668,516</u>	<u>\$ 19,500</u>	<u>\$1,688,016</u>

Depreciation expense for the year ended December 31, 2003 was \$110,225.

(Continued)

Ouachita Multi-Purpose Community Action Program, Inc.
 Monroe, Louisiana
 Notes to Financial Statements
 December 31, 2004 and 2003
 (Continued)

(6) Refundable Advances

OMCAP records federal funds received in excess of expenditures as a refundable advance until they are expended for the purpose of the contract or until the funds are returned to the appropriate funding source.

(7) Contractual Revenue – Grants

During the years ended December 31, 2004 and 2003, OMCAP received contractual revenue from federal and state grants in the amount of \$5,366,240 and \$6,008,472, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(8) Retirement Plan

OMCAP participates in a tax sheltered annuity whereby an amount equal to 7% of the salary of eligible employees is contributed to the plan. The amount contributed by OMCAP for the years ended December 31, 2004 and 2003 was \$199,358 and \$167,888, respectively.

(9) Long-term Debt

Long-term debt at December 31, 2004 and 2003 consists of the following:

	<u>2004</u>	<u>2003</u>
Note payable to a bank, due in monthly installments of \$8,886 including interest at 6.25%, secured by a building, final payment November, 2010	\$ 460,430	\$ 595,801
Less current installments on long-term debt	<u>(75,667)</u>	<u>(71,094)</u>
Non-current portion of long-term debt	<u>\$ 384,763</u>	<u>\$ 524,707</u>

Interest expense paid on the note for the year ended December 31, 2004 was \$32,378.

(Continued)

Ouachita Multi-Purpose Community Action Program, Inc.
 Monroe, Louisiana
 Notes to Financial Statements
 December 31, 2004 and 2003
 (Continued)

Maturities of long-term debt are as follows:

For the Year ending December 31,	Approximate Amount
2005	\$ 75,667
2006	80,534
2007	85,714
2008	91,228
2009	97,096
2010 and after	30,191
	<u>\$ 460,430</u>

(10) Unrestricted Operating Net Assets

Unrestricted operating net assets totaling \$35,817 and \$37,129 for 2004 and 2003, respectively, are detailed by individual program as follows:

	2004	2003
Ouachita Council of Governments	\$ 23,990	\$ 16,436
General Services	11,827	20,693
	<u>\$ 35,817</u>	<u>\$ 37,129</u>

(11) Unrestricted Designated Net Assets

As of December 31, 2004 and 2003, the unrestricted designated net assets consisted of funds designated to be used only for the operations of the following programs:

	2004	2003
Child and Adult Care Food Program	\$ 6,301	\$ 69,182
Workcamp Access	960	9,551
Housing Counseling	14,449	339
Job Access	20,092	20,092
	<u>\$ 41,802</u>	<u>\$ 99,164</u>

(12) Leases

The agency leases certain buildings under operating leases. The rental costs on these items for the year ended December 31, 2004 and 2003, were \$15,621 and \$15,153, respectively. There were no commitments under lease agreements having initial or remaining non-cancelable terms in excess of one year as of December 31, 2004.

(Continued)

Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana
Notes to Financial Statements
December 31, 2004 and 2003
(Continued)

(13) Accrued Liabilities

Accrued liabilities consisted of the following at December 31, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Accrued leave	\$ 47,506	\$ 45,767
Payroll taxes payable	56,711	42,944
Other payroll withholdings	—	108,137
	<u>\$ 104,217</u>	<u>\$ 196,848</u>

Ouachita Multi-Purpose Community Action Program, Inc.
 Monroe, Louisiana
 Combining Schedule of Financial Position
 December 31, 2004

	Head Start Program	Child & Adult Care Food Program	Community Services Block Grant	Home Energy Assistance	Project Independence	Housing Counseling	OCCOG	General	Total
Assets									
Current assets:									
Cash	\$ 19,604	\$ 31,333	\$ 660	\$ 27,433	\$ 4,502	\$ 14,449	\$ 272,689	\$ 85,377	\$ 456,047
Grant receivables	224,185	139,544	17,789	1,481	647			9,688	159,461
Due from other funds				1,686	1,686		9,295		244,854
Total current assets	<u>243,789</u>	<u>170,877</u>	<u>18,449</u>	<u>28,914</u>	<u>6,835</u>	<u>14,449</u>	<u>281,984</u>	<u>95,065</u>	<u>860,362</u>
Property and equipment:									
Property and equipment	2,591,734	90,406	39,828	7,255	11,160	768	827,933	33,975	3,603,059
Accumulated depreciation	(1,720,389)	(78,460)	(39,598)	(4,497)	(7,505)	(346)	(12,187)	(14,475)	(1,877,457)
Net property and equipment	<u>871,345</u>	<u>11,946</u>	<u>230</u>	<u>2,758</u>	<u>3,655</u>	<u>422</u>	<u>815,746</u>	<u>19,500</u>	<u>1,725,602</u>
Total Assets	<u>\$ 1,115,134</u>	<u>\$ 182,823</u>	<u>\$ 18,679</u>	<u>\$ 31,672</u>	<u>\$ 10,490</u>	<u>\$ 14,871</u>	<u>\$ 1,097,730</u>	<u>\$ 114,565</u>	<u>\$ 2,585,964</u>
Liabilities and Net Assets									
Current liabilities									
Accounts payable	\$ 54,905	\$ 21,935	\$ 4,557	\$	\$	\$	\$	\$	\$ 81,397
Accrued liabilities	31,693	1,155	13,892		733			56,744	104,217
Due to other funds		141,486		10,722	4,000		83,204	5,442	244,854
Current portion of long term debt	157,191			18,192	2,102		75,667		244,854
Refundable advances									75,667
Total current liabilities	<u>243,789</u>	<u>164,576</u>	<u>18,449</u>	<u>28,914</u>	<u>6,835</u>		<u>158,871</u>	<u>62,186</u>	<u>683,620</u>
Note payable, less current portion							384,763		384,763
Net assets:									
Unrestricted:									
Operating							23,990	11,827	35,817
Designated for specific programs		6,301				14,449		21,052	41,802
Fixed assets	871,345	11,946	230	2,758	3,655	422	530,106	19,500	1,439,962
Total net assets	<u>871,345</u>	<u>18,247</u>	<u>230</u>	<u>2,758</u>	<u>3,655</u>	<u>14,871</u>	<u>554,096</u>	<u>52,379</u>	<u>1,517,581</u>
Total Liabilities and Net Assets	<u>\$ 1,115,134</u>	<u>\$ 182,823</u>	<u>\$ 18,679</u>	<u>\$ 31,672</u>	<u>\$ 10,490</u>	<u>\$ 14,871</u>	<u>\$ 1,097,730</u>	<u>\$ 114,565</u>	<u>\$ 2,585,964</u>

Ouachita Multi-Purpose Community Action Program, Inc.
 Monroe, Louisiana
 Combining Schedule of Activities
 For the Year Ended December 31, 2004

	Head Start Program	Child & Adult Care Food Program	Community Services Block Grant	Home Energy Assistance	Project Independence	Housing Counseling	OCOG	General	Total
Revenues and Other Support									
Contractual revenue-grants	\$ 4,312,104	\$ 444,504	\$ 496,489	\$ 40,366	\$ 12,510	\$ 43,213	\$ 2,054	\$ 15,000	\$ 5,366,240
Miscellaneous revenues	94,720		46,592	46			143,750	19,412	304,520
Total revenues and other support	4,406,824	444,504	543,081	40,412	12,510	43,213	145,804	34,412	5,670,760
Expenses:									
Salaries	2,729,674	174,292	305,224	27,706	7,851	7,371		24	3,252,142
Fringe Benefits	772,590	51,165	83,126	5,126	2,040				914,047
Travel	238,162	559	1,263	247					240,231
Occupancy	209,520	44,147	27,736						281,403
Telephone	97,806	2,489	17,138						19,627
Insurance		11,265	14,351						123,422
Vehicle operation			20,012						20,012
Supplies and postage	39,860	29,677	7,158	2,192					78,887
Equipment expenses	2,198		1,365	3,310					6,873
Professional services	19,571	1,865	2,256	1,349					25,041
Food and related supplies	60,548	178,643							239,191
Miscellaneous	20,617	13,283	2,540	392	2,619	21,732	51,238	51,845	164,266
Client assistance payments			60,913	90					61,003
Interest	32,378								32,378
Depreciation	95,409	12,270	554	1,024	2,470	154	11,922		123,803
Total expenses	4,318,333	519,655	543,636	41,436	14,980	29,257	63,160	51,869	5,582,326
Change in net assets	88,491	(75,151)	(555)	(1,024)	(2,470)	13,956	82,644	(17,457)	88,434
Net assets, as of beginning of year	896,844	93,398	785	3,782	6,125	915	357,462	69,836	1,429,147
Transfers	(113,990)						113,990		
Net assets, as of end of year	\$ 871,345	\$ 18,247	\$ 230	\$ 2,758	\$ 3,655	\$ 14,871	\$ 554,096	\$ 52,379	\$ 1,517,561

**Supplemental Information Schedules Prepared
For Grants and Contracts Analysis**

Ouachita Multi-Purpose Community Action Program, Inc.
 Monroe, Louisiana
 Head Start Grant No. 06CH5175/38
 U.S. Department of Health and Human Services
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Contract Period: January 1, 2004 to December 31, 2004

	Budget	Actual	COB Balances Current Year
Revenues			
Federal share awarded this period	\$ 4,250,991	\$ 4,250,991	
Grantee's contribution	1,062,748	1,062,748	
Total revenue	5,313,739	5,313,739	
Expenditures:			
Head Start program			
Personnel	2,759,915	2,729,674	30,241
Fringe benefits	715,170	772,590	(57,420)
Travel	59,000	32,465	26,535
Equipment	15,000	1,380	13,620
Supplies	92,000	69,910	22,090
Contractual	33,000	19,142	13,858
Other	576,906	625,830	(48,924)
	4,250,991	4,250,991	
Grantee's share	1,062,748	1,062,748	
Total all expenditures	\$ 5,313,739	5,313,739	
Revenue over (under) expenditures			
Fund balance, beginning January 1, 2004		223,035	
Fund balance, ending December 31, 2004		\$ 223,035	
Fund balance analysis:			
Revenues over expenditures grant #06CH5175/26		\$ 106,767	
Reprogrammed from grant #06CH5175/26		(113,440)	
Revenues over expenditures grant #06CH5175/37		229,708	
Fund Balance, December 31, 2004		\$ 223,035	

Ouachita Multi-Purpose Community Action Program, Inc.
 Monroe, Louisiana
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2004

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Health and Human Services</u>			
Direct Programs:			
Head Start (Fy 12-31-04)	93.600	06CH5175/38	\$ 4,250,991
Passed through MCIO Head Start Program Training and Technical Assistance	93.600	N/A	94,719
Passed through Louisiana Department of Labor Community Services Block Grant	93.569	003N0027 & 2004N002	482,597
Passed through Louisiana Housing Finance Agency Low-income Home Energy Assistance Program	93.568	Unknown	40,412
Passed through Louisiana Department of Social Services, Office of Family Support Project Independence	93.558	Unknown	12,511
Total U.S. Department of Health and Human Services			<u>4,881,230</u>

Ouachita Multi-Purpose Community Action Program, Inc.
 Monroe, Louisiana
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2004
 (Continued)

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through Louisiana Department of Education			
Child and Adult Care Food Program (Head Start) (Fy 9-30-04)	10.558	Unknown	326,890
Child and Adult Care Food Program (Head Start) (Fy 9-30-05)	10.558	Unknown	180,494
Total U.S. Department of Agriculture			<u>507,384</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through the City of Monroe			
Community Development Block Grant	14.218	Unknown	143,750
<u>U.S. Department of Transportation</u>			
Passed through Louisiana Department of Social Service			
Job Access and Reverse Commute (JARC) Program	20.516	603453	46,591
Total federal expenditures			<u>\$ 5,578,955</u>

NOTE 1: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

COOK & MOREHART

Certified Public Accountants

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**Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of Financial Statements
Performed In Accordance With *Government Auditing Standards***

To the Board of Directors
Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana

We have audited the financial statements of Ouachita Multi-Purpose Community Action Program, Inc. (a nonprofit organization) as of and for the year ended December 31, 2004, and have issued our report thereon dated May 5, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Ouachita Multi-Purpose Community Action Program, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ouachita Multi-Purpose Community Action Program, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which we have reported to management of Ouachita Multi-Purpose Community Action Program, Inc. in a separate management letter dated May 5, 2005.

This report is intended solely for the information and use of management, the Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "Cook & Morehart".

Cook & Morehart
Certified Public Accountants
May 5, 2005

COOK & MOREHART

Certified Public Accountants

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Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

To the Board of Directors
Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana

Compliance

We have audited the compliance of Ouachita Multi-Purpose Community Action Program, Inc. (a nonprofit organization) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. Ouachita Multi-Purpose Community Action Program, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Ouachita Multi-Purpose Community Action Program, Inc.'s management. Our responsibility is to express an opinion on Ouachita Multi-Purpose Community Action Program, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Ouachita Multi-Purpose Community Action Program, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Ouachita Multi-Purpose Community Action Program, Inc.'s compliance with those requirements.

In our opinion, Ouachita Multi-Purpose Community Action Program, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

Internal Control Over Compliance

The management of Ouachita Multi-Purpose Community Action Program, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Ouachita Multi-Purpose Community Action Program, Inc.'s internal control over compliance with requirements that could have a direct and

material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Ouachita Multi-Purpose Community Action Program, Inc.'s ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2004-C1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

This report is intended solely for the information and use of management, the Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Cook & Morehart
Certified Public Accountants
May 5, 2005

Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana
Summary Schedule of Prior Audit Findings
December 31, 2004

There were two reportable conditions relating to federal awards programs for the prior year audit ended December 31, 2003, as described below.

2003-C1 – REPORTABLE CONDITION

Statement of Condition and Criteria: During our audit, we noted that initial reimbursements to the payroll account from the Head Start program for payroll-related liabilities were for lesser amounts than actually owed. We also noted that certain insurance and retirement payments were not made timely. This created significant additional audit time and analysis to correct.

Recommendation: We recommend that payroll reimbursements prepared by the payroll clerk be reviewed by the finance director for each payroll. We also recommend that the payroll fund's general ledger be maintained on a current basis and be reviewed monthly by the finance director to ensure all transfers and payments are being made in the correct amounts and on a timely basis.

Current Status: No finding noted in current year audit.

2003-C2 – REPORTABLE CONDITION

Statement of Condition and Criteria: During our audit, we noted that a correct listing of accounts payable was not prepared for the Head Start grant period ending December 31, 2003. Significant additional audit time and staff time was required to properly reflect the accounts payable at December 31, 2003.

Recommendation: We recommend procedures be put in place to ensure a proper monitoring of period of availability requirements at grant-end dates.

Current Status: No finding noted in current year audit.

Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana
Schedule of Findings and Questioned Costs
December 31, 2004

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Ouachita Multi-Purpose Community Action Program, Inc.
2. No reportable conditions are reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Ouachita Multi-Purpose Community Action Program, Inc. were disclosed during the audit.
4. One reportable condition is reported in the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133. The condition is not reported as a material weakness.
5. The auditor's report on compliance for the major federal award programs for Ouachita Multi-Purpose Community Action Program, Inc. expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for Ouachita Multi-Purpose Community Action Program, Inc. are reported in Part C. of this Schedule.
7. The programs tested as major programs included: 1) Head Start Program CFDA #93.600,2) Community Services Block Grant CFDA #93.569,3) Child and Adult Care Food Program (Head Start) CFDA #10.558.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Ouachita Multi-Purpose Community Action Program, Inc. qualifies as a low-risk auditee.

(Continued)

Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana
Schedule of Findings and Questioned Costs
December 31, 2004
(Continued)

B. Findings – Financial Statements Audit - None.

C. Findings and Questioned Costs – Major Federal Award Programs Audit

DEPARTMENT OF HEALTH AND HUMAN SERVICES - Head Start Program – CFDA No. 93.600

2004-C1 – REPORTABLE CONDITION

Condition and Effect: The Organization's Head Start program did not appropriately budget for the construction of a new Head Start facility constructed over a two-year grant period. The cost of construction was paid by the Head Start grant, other federal grants, and loan proceeds. Significant adjusting journal entries were required to reverse the expenses which were initially charged to the Head Start grant and charge them against the loan proceeds.

Cause: The Organization did not have an adequate financial management system in place to provide effective control over budgeted amounts for the Head Start program in regards to the construction of the new Head Start facility. The Head Start grant funds for the year ended December 31, 2004 were not monitored adequately during the year.

Recommendation: We recommend the following:

- (1) Existing budgets be reviewed to determine if amounts budgeted are adequate for actual expenditures.
- (2) Budgetary financial reports be prepared and analyzed on a monthly basis by the Fiscal Officer.

Response: The Head Start construction project took place over a two-year period, but some of the funds from grants carried over three to four years, which complicated the budget. Ouachita Multi-Purpose Community Action Program, Inc. will monitor the current year's budget to ensure expenditures are on target with the budget.

Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana
Summary Schedule of Prior Year Audit Findings
Schedule For Louisiana Legislative Auditor
December 31, 2004

There were two reportable conditions relating to federal awards programs for the year ended December 31, 2003, as discussed in the Schedule of Prior Audit Findings. There were two reportable conditions related to the financial statements (Yellow Book) for the year ended December 31, 2003, as discussed below:

2003-B1 – REPORTABLE CONDITION

Statement of Condition and Criteria: During our audit, we noted that initial reimbursements to the payroll account from the Head Start program for payroll-related liabilities were for lesser amounts than actually owed. We also noted that certain insurance and retirement payments were not made timely. This created significant additional audit time and analysis to correct.

Current Status: No finding noted in current year audit.

2003-B2 – REPORTABLE CONDITION

Statement of Condition and Criteria: During our audit, we noted that a correct listing of accounts payable was not prepared for the Head Start grant period ending December 31, 2003. Significant additional audit time and staff time was required to properly reflect the accounts payable at December 31, 2003.

Current Status: No finding noted in current year audit.

The prior year management letter comments for the year ended December 31, 2003 are addressed below:

Comment #1: Bank Reconciliations

Improvement noted.

Comment #2: Payroll Deductions

See repeat comment in current year management letter.

Comment #3: Request for T & T/A Funds

Improvement noted.

Comment #4: Liheap File Exam

Improvement noted.

Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana
Corrective Action Plan For Current Year Audit Findings
Schedule For Louisiana Legislative Auditor
December 31, 2004

Findings for the current year audit are addressed in the accompanying Schedule of Findings and Questioned Costs.

The corrective action plan for the management letter comments for the year ended December 31, 2004 are addressed below:

Comment #1: Payroll General Ledger

We have begun the correction of the payroll general ledger and will correct any posting to the ledger in 2005. The Fiscal Director will review the payroll general ledger on a monthly basis to make sure postings are correct.

Comment #2: Payment Center

The accounting department will monitor the activity in the payment center on a daily basis to ensure that the appropriate funds are deposited and wired to the utility companies.

Comment #3: Signature Stamps

We will follow our policy of requiring two signatures on all checks. Access to a signature stamp by any board member will be limited to that person. No staff person will have exposure to a board member's signature stamp.

Comment #4: Pricing Analysis

We will make sure that the price analysis is documented on all procurement transactions. If a transaction is from a sole source vendor, verification documents will be attached to the requisition/purchase order. Also, items purchased from state purchasing/federal purchasing will be so identified.

Comment #5: Payroll

The Personnel Director will review the personnel records on a routine basis to ensure they reflect signed forms for any deductions being withheld from an employee's check.

COOK & MOREHART

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Management Letter

May 5, 2005

Board of Directors
Ouachita Multi-Purpose Community Action Program, Inc.
Monroe, Louisiana

We have audited the financial statements of Ouachita Multi-Purpose Community Action Program, Inc. (OMCAP), for the year ended December 31, 2004, and have issued our report thereon dated May 5, 2005. In planning and performing our audit of the financial statements of OMCAP, we considered its internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

During our audit the following items were noted involving the internal control over financial reporting and other operational matters which appear to merit your attention for consideration to improve the internal control over financial reporting or operations of OMCAP. These comments have been discussed with the appropriate members of management.

Comment #1: Payroll General Ledger

During our audit, we noted that the general ledger for the payroll fund was not posted correctly during the year.

We recommend that the postings to the payroll fund general ledger be reviewed on a monthly basis.

Comment #2: Payment Center

During our audit, we noted that the daily activity created by the payment center software was not reconciled to the agency's general ledger on a timely basis.

We recommend that the transactions from the payment center software be monitored daily to ensure that the appropriate amounts have been deposited and wired to the utility companies.

Comment #3: Signature Stamps

OMCAP's policy requires two signatures on all checks. During our audit, we noted that a signature stamp was being utilized for the board member's signature.

We recommend that the agency follow its policy of requiring two signatures on all checks. We further recommend that the agency eliminate the use of signature stamps.

Comment #4 Pricing Analysis

During our audit, we noted that the agency did not have any pricing analysis for purchases of some equipment and food supplies.

We recommend that the agency obtain and document pricing analysis for all procurement actions.

Comment #5 Payroll

During our testing of payroll transactions, we noted the following:

- Several instances where there were no signed authorizations from employees for amounts withheld from their paychecks, and some instances where the employee's signed authorization was for a different amount than that withheld from their checks.
- Actual pay rates did not agree with pay rate authorization forms for 11 transactions tested.
- Time charged did not agree with time allocation per timesheet for 5 transactions tested.

We recommend that authorization for deductions be completed and updated periodically as needed for all amounts withheld from employee checks. We also recommend that amounts paid to employees be based upon approved pay rate authorizations, and that time be charged in accordance with time allocations on timesheets.

We express sincere thanks to OMCAP personnel for the cooperation and assistance provided us during our audit. We are available to provide you assistance and consultation in the implementation of the above mentioned items. This letter is furnished solely for the use of management and the Board of Directors and is not intended to be used for any other purpose.



Cook & Morehart
Certified Public Accountants
May 5, 2005